

A Study On Cash Management In Autokshi Engineers Pvt Ltd, Chennai

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Abstract

the movement of money into or out of a business, project, or financial product. It is usually measured during a specified, finite period of time. The need for Cash to run the day-to-day business activities cannot be overemphasized. One can hardly find a business firm, which doesnot require any amount of Cash. Indeed, firms differ in their requirements of the Cash. A firm should aim at maximizing the wealth of its shareholders. In its endeavor to do so, a firm should earn sufficient return from its operation. Earning a steady amount of profit requires successful sales activity. The firm has to invest enough funds in current asset for generating sales. Current asset are needed because sales do not convert into cash instantaneously. There is always an operating cycle involved in the conversion of sales into cash. The objectives are to analyze the Cash management and to determine efficiency in cash, inventories, debtors and creditors. Further, to understand the liquidity and profitability position of the firm. These objectives are achieved by using ratio analysis and then arriving at conclusions, which are important to understand the efficiency / inefficiency of Cash. It was noticed in the study that the company had utilized its Cash efficiently and can also try to get more effective values by working on it. The cash required to meet out the current liabilities is maintained at a normal level that shows the company follows an average policy.

Keywords: *cash flow statements, cash management, liquidity*

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I. INTRODUCTION

The method used by businesses to accumulate, control, and invest cash in the near term is known as cash management. It is crucial to the stability and solvency of a company's finances. Corporate treasurers or company managers are typically in charge of overall cash management as well as other duties to maintain profitability. Money enters and leaves a firm in a process known as cash flow. Customer payments and bank loans are both examples of inflows, which refer to money that comes in. Outflows, or money leaving the company, often consist of expenses like loan payments, overhead costs, and purchase-related payments. Managing cash flow entails taking a proactive stance in figuring out how the process of money entering and exiting the firm works. An overview of the cash-flow management process is what this project aims to do. Future posts will go into further depth on particular topics. By dividing cash flows into operating, investing, and financing operations, a cash flow statement can provide information about changes in a company's cash and cash equivalents. It is an important document that has to be created for each accounting period when a business presents financial statements. The key to every firm is to constantly monitor its cash flow. Although the income statement would show the profits, it makes no mention of how much cash was involved. The cash flow statement gives crucial details about how the company has been managing its cash. The cash flow statement is typically created once a year, although it can be created more often, much like the other financial statements. It is important to highlight that the cash flow statement covers cash flows throughout time, as opposed to the balance sheet, which gives a snapshot of the organization at a certain point in time. Additionally, a budget form can be used to create the cash flow statement, which can then be compared to actual data.

II. INDUSTRY PROFILE

India was the world's fifth-largest auto market in 2020, selling a total of 3.49 million automobiles in the passenger and commercial vehicle segments. In 2019, it was the seventh largest commercial vehicle manufacturer. Due to a young population and an expanding middle class, the two-wheeler category leads the market in terms of

volume. Additionally, the sector's expansion was facilitated by the companies' growing interest in investigating rural markets. India is a significant vehicle exporter as well, and there are high hopes for future export development. By 2020, it is anticipated that a number of efforts by the Indian government and significant car manufacturers would position India as a global leader in the two- and four-wheeled vehicle markets.

III. COMPANY PROFILE

In India, Autokshi Engineers Pvt Ltd, a company founded in 1997, manufactures auto components for two-wheelers and other commercial vehicles. India, one of the low-cost nations that is also rapidly expanding, helps its customers by requiring little investment and producing a lot. The broad variety of our goods comprises, among other things, heavy duty stamp and tube components, backing plates, main stand and side stand, gear shift lever, commercial vehicle components, and more. The most recent technology and premium materials are used in the development of every product. 14 Being an ISO/TS 16949-2009 certified business, Autokshi Engineers Pvt Ltd adheres to cutting-edge technology that speeds up product creation while also enhancing customer service. We can produce high-quality customized goods that are tailored to the needs of the customer thanks to our combined knowledge and over two decades of experience in the sector. We have cutting-edge technology and state-of-the-art infrastructure, which allows for more rapid and precise product creation. Our manufacturing facility in Tamilnadu includes a separate design office where we can create components specifically for customers, as well as a separate lab where we test each product. The team uses cutting-edge technology and testing methods to examine the manufactured goods, ensuring exceptional quality across the board. To achieve maximum precision, quality, and productivity, most of our product development processes even the administrative ones are automated. For the administrative procedure, SAP has been introduced. We have used the well-known TPM to complete the product development process successfully and accurately. This idea provides optimal productivity by reducing costs and saving time across the whole manufacturing process. Our use of robotic lines in a variety of industrial procedures ensures quicker and better product outputs. In order to minimize human involvement in such challenging procedures and prevent mishaps and mistakes made by humans, robotic lines are employed to pick and arrange sheets. We can ensure predictable quality and quantity of products through the automation of product development. In addition to focusing on its own expansion, Autokshi Engineers Pvt Ltd also helps to strengthen the region's capacity. We work to improve the growth of the business as well as the area with the help of a number of groups, and we consistently give to the cause while keeping this slogan in mind. We are able to meet the demands and specifications of both bigger and smaller businesses thanks to our state-of-the-art infrastructure and production capabilities. A variety of businesses receive our components. Our affiliation with these top automakers is something we are proud of, and we aspire to work with even more prestigious brands throughout the globe.

IV. REVIEW OF LITERATURE

Literature review usually involves searching and analyzing researchers, books and other relevant information sources and linking research studies in the description. It requires thinking and analysis and the ability to evaluate the advantages and disadvantages of research in a particular field. A literature review is a critical review of the published literature on a topic or research question. It involves searching, evaluating, and collecting available data to identify gaps, inconsistencies, and areas for further research.

Steven M. Bragg (2018)

"A Guide to Managing Short-Term Liabilities". The book covers a wide range of cash management-related subjects, including budgeting, working capital management, and investing tactics. The management of accounts payable and receivable is then covered. These functions are crucial for organizations to maximize their cash flow. Invoice creation, payment collection, and supplier payment terms negotiation are all covered by Bragg's helpful advice. He also talks about the use of technology to speed up the accounts receivable and accounts payable procedures, including electronic invoicing and payment systems

Greg Crabtree (2019)

According to Greg Crabtree presents a thorough analysis of the ideas and methods for controlling cash flow in small enterprises. Understanding your financial accounts, setting prices for your goods and services, keeping track of your overhead expenses, and managing your cash flow are the four main topics. Crabtree stresses the need of developing a cash flow forecast and frequently checking it to make sure a company has adequate cash to cover its obligations. Additionally, he offers helpful advice on how to handle accounts payable and receivable, including how to bargain good terms for payments with suppliers and provide consumers incentives for making early payments

L. Chen (2020)

V. Research Methodology

Source Of Data Secondary Data

This information, which has already been gathered, compiled, and provided by any agency, may be used for an inquiry. These facts might be referred to as secondary facts. Published or unpublished data may have been used as primary sources for secondary data. In most cases, yearly reports contain public statistics.

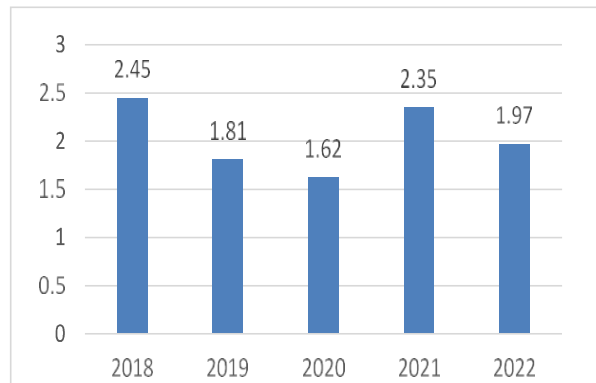
RESEARCH DESIGN

Research design is specification of methods and procedures for acquiring the information needed to structure or to solve problem. Research design is defined as, “the arrangement of condition for collection and analysis of the data in a manner that aims to combine relevant to the research purpose with economy in procedure” Analytical research technique was adopted in this project. The researcher used analytical type of research to analyze the past data based on which certain future decision can be made.

VI. DATA ANALYSIS

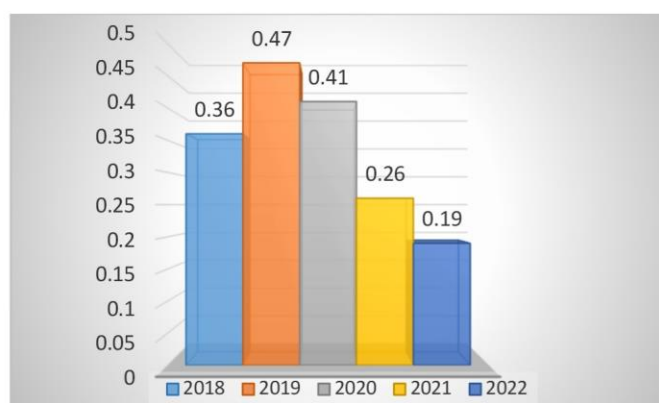
CURRENT RATIO:

S.NO	YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
1	2018	19,89,000	8,11,000	2.45
2	2019	18,81,000	10,40,000	1.81
3	2020	23,39,000	11,63,000	1.62
4	2021	25,50,000	10,84,000	2.35
5	2022	32,54,000	16,48,000	1.97



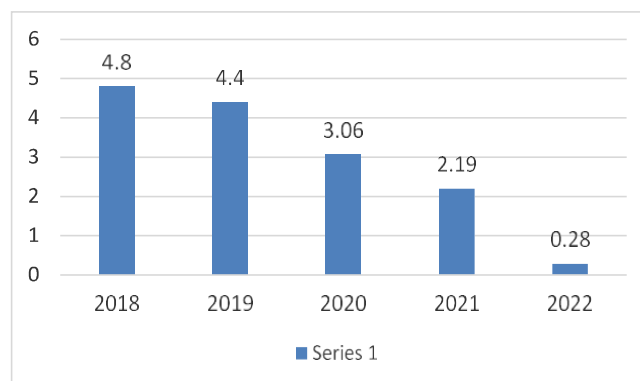
CASH POSITION RATIO:

S.NO	YEAR	CASH BALANCE +SECURITIES	CURRENT LIABILITIES	CASH POSITION RATIO
1	2018	2,92,000	8,11,000	0.36
2	2019	4,99,000	10,40,000	0.47
3	2020	4,79,000	11,63,000	0.41
4	2021	2,80,000	10,84,000	0.26
5	2022	3,05,000	16,48,000	0.19



WORKING CAPITAL TURNOVER RATIO

S.NO	YEAR	SALES	NET WORKING CAPITAL	WORKING CAPITAL TURNOVER RATIO
1	2018	27,72,200	5,78,000	4.80
2	2019	36,98,000	8,41,000	4.40
3	2020	35,93,000	11,76,000	3.06
4	2021	32,10,000	14,66,000	2.19
5	2022	4,56,500	16,06,000	0.28



INTERPRETATION

The working capital ratio is decreasing every year, this shows that the company has not used the working capital effectively. Therefore it shows that the company is at the unsafe zone. Therefore the company should take corrective actions to get into the safer zone.

VII. FINDINGS

1. The business has adequate cash management
2. The situation of current assets is improving.
3. If loans and funds are declining year over year, the business is likely successful.
4. Current Liabilities are less than Current Assets.
5. 10. The growing trend in working capital to net sales shows that net working capital is being used effectively.
6. A 2:1 indicated current ratio. Although it differs from, it is not fixed. Here, the current ratio is more than 1, and the cash is sufficient to cover the current liabilities

VIII. SUGGESTIONS

1. The personnel must be evaluated in relation to output and revenue. The surplus of personnel should be reduced through a variety of strategies, including VRS, retirements, and eliminating the need for new hires
2. In the current atmosphere of competition, there are several global obstacles that every business must contend with, and Autokshi Engineers Pvt Ltd is no exception. The human resources department should be developed to increase a variety of employee abilities, particularly the ability to motivate others, as well as to provide frequent training regarding various market changes. This is necessary to meet the current global difficulties.
3. To transform the industry, the corporation should have a fully functional research and development department. This will allow for technology advancement and process and design improvement.
4. The strategy of expanding into new markets with the accreditation of ISO 9001 and C.E. producing for specific goods should be ongoing as it will assist to build the trust of international consumers.
5. The working capital need will be determined using the guidelines that the RBI has distributed for the machine tools sector.
6. The business must form new joint ventures with other businesses in order to cut losses. To prevent needless capital blockage that may be utilised for other reasons, the present assets should be handled more effectively.
7. The strategy of expanding into new markets with the accreditation of ISO 9001 and C.E. producing for specific goods should be ongoing as it will assist to build the trust of international consumers.

IX. CONCLUSION

The firm is doing incredibly well as a result of the worldwide market's rise, which was followed by the domestic market's rise. It is a young company that believes in enhancing all facets of its operations. It has good and new concepts. The business is in a strong financial situation and doesn't postpone paying its debtors and creditors in cash. The firm, which relies heavily on working capital facilities, has excellent connections with its banks and practises balanced working capital management